

Testimony of Charles D. Wolfe, Jr.

Hearing on

**"The State of SBA's Entrepreneurial Development Programs and
Their Role in Promoting Economic Recovery"**

Committee on Small Business

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Charles D. Wolfe Jr.
President
Claggett Wolfe Associates
3108 Sunshine Meadow Lane
Auburn, California 95602
530.878.8250
www.claggettwolfe.com

Madam Chairwoman and honored members of the Small Business Committee, my name is Chuck Wolfe and I am the President of Claggett Wolfe Associates, an economic development consulting firm specializing in working with public, private and academic clients around the world to develop strategies and establish programs to support the formation and growth of small-and-medium sized enterprises. I am also a serial entrepreneur having started and operated five businesses over the past 25 years.

To put things into context, my perspective comes from:

- working with or evaluating the value of over 30 Small Business Development Centers and SCORE chapters in 14 states over the past 18 years,
- serving as a small business counselor and instructor,
- running a non-profit business assistance organization, and
- co-authoring a book on Best Practices in Business Incubation.

The State of SBA's Entrepreneurial Development Programs

The SBA has a wide range of existing programs and resources to assist small businesses. If someone from the outside were to review each program's mission, objectives and offerings they would conclude that this is an ideal set up for helping our entrepreneurs and small business owners. Unfortunately, only 20% to 25% of the programs I've encountered meet this standard.

In addition, I have found valuable information and on-line courses on program affiliated web-sites (e.g., sba.gov, score.org, SBDCNet.org and local SBDC web-sites). However, most were inconsistent in their offering, general in their content, and difficult to navigate.

In general terms, the SBA's Entrepreneurial Development Programs have a top down, one-size fits all approach that is reactive vs. pro-active in nature (i.e., business owners have to come to the program versus the program reaching out to the business). In addition, most programs are not fully integrated into broader economic development efforts or customized to meet the needs of specific industry segments.

There are many causes for these conditions ranging from a lack of funding, the methods used to allocate funding and track performance, the inefficient use of resources and the organizational structure of SBA itself. Regardless of the cause, the current mode of operation has resulted in:

- a significant amount of energy and resources being diverted to administrative and fund raising activities rather than to helping businesses,
- a lack of program awareness or a less than acceptable public image,
- a climate of competition versus collaboration in term of providing the greatest benefits to local businesses (e.g., SBDC's and community colleges competing for students for entrepreneurial courses or workshops),
- a lack of perceived value from many segments of the business community, and
- a client base that is dominated by small retail, restaurant and consumer services businesses rather than manufacturing, technology or more advanced retail and service

businesses that have the capacity to create a larger number of jobs, and have a greater economic impact.

The Role of SBA's Entrepreneurial Development Programs in Promoting an Economic Recovery

There are many areas that need improvement, but there are also many tools already in the tool box. To maximize the impact of SBA's programs, I would recommend the following actions.

- Align the programs more effectively with local, regional and state economic development efforts and the industries they have targeted for economic stabilization and growth.
- Establish a more pro-active program delivery structure involving (see Figure 1):
 - client filtering,
 - customized service offerings with defined milestones, and
 - active outreach by program staff who serve more as facilitators and coaches rather than technical service providers.
- Build an extensive topic and industry specific service provider network that can be accessed by any SBA program provider to meet a business' needs regardless of location (see Figure 1).
- Develop and implement a system to train and/or certify SBA program staff, volunteers and outside service providers by skill area (e.g., marketing and finance), industry specialization and experience with small business (e.g., start-up, product commercialization, accelerated growth and/or turn-around).
- Develop a more comprehensive and integrated web platform that supports all SBA programs (see Figure 2).
 - Utilize technology such as video conferencing, email and blogs to link network providers to client businesses regardless of location.
 - Provide relevant web content aggregated by industry segment, stage of business development (e.g., start-up, early-stage, mature) and level of need (e.g., general information to detailed topic discussion).
 - Provide a more consistent home page format for the SBDC and WBC web-sites that allows for state and local content and imagery, but conveys a consistent brand.
 - Design all web-sites to promote solutions (e.g., marketing, financing and HR) not programs in a similar fashion to the Kaufman Foundation's eVenturing™ and Inc. Magazines' Inc.com web-sites.
- Develop and implement a centralized customer rating and usage system for all program resources and services similar to the "star" rating system used by YouTube™ and eBay®. The system should have both public and private reporting areas designed to collect user input and improve program performance while protecting individual counselors, service providers and program staff.

We are living in an age of Google™, Facebook™, Wikipedia®, and other web-based platforms that have changed the way people interact and do business, and we need to refresh SBA's program services and delivery in line with these changes.

Our need is now and it will be important to respond quickly to support the start-ups and existing small businesses that will play an important part in our economic recovery.

Madam Chairwoman, I commend you and the members of the Small Business Committee on your efforts to support our economic recovery, and I thank you for the opportunity you have given me to present my testimony.

Figure 1: Program Delivery Process

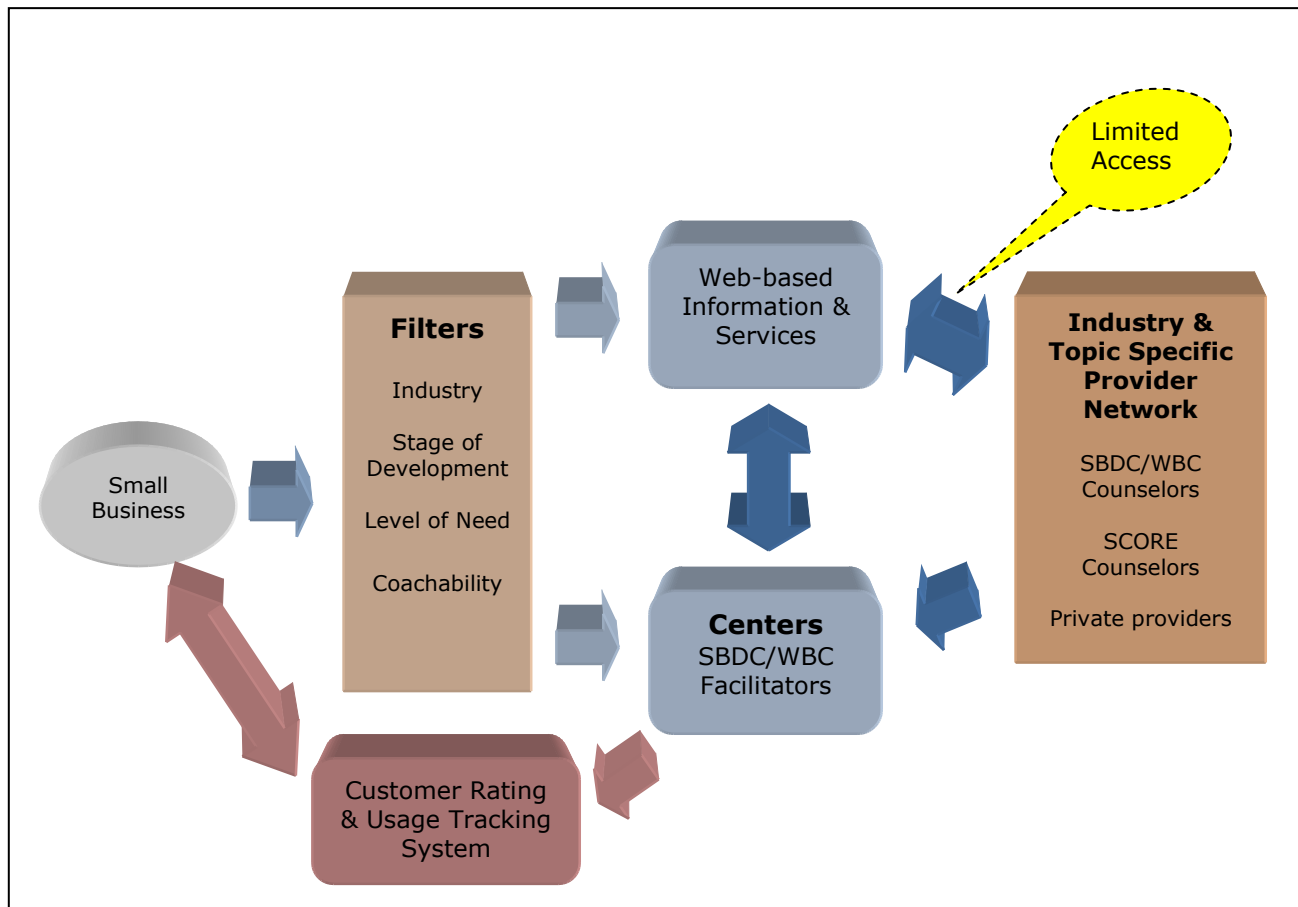


Figure 2: SBA Program Web-site Structure

